



DEPARTMENT OF THE NAVY
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
WASHINGTON, D C 20363 5100

SPAWARINST 4380.3B
SPAWAR 00K

21 September 1992

SPAWAR INSTRUCTION 4380.3B

From: Commander, Space and Naval Warfare Systems Command

Subj: SMALL BUSINESS INNOVATION RESEARCH (SBIR) PROGRAM

Ref: (a) PL97-219, 22 Jul 82
(b) Policy Directive No. 65-01, U.S. Small
Business Administration
(c) SECNAVINST 4380.7

Encl: (1) Department of the Navy (DON) SBIR Topic
Description for Use in the Solicitation Brochure
(2) Office of the Assistant Secretary of the Navy
(OASN(RE&S)) memo of 15 Aug 83
(3) DON SBIR Contract Award/Action Report
(4) SBIR Topic Selection and Approval Process

1. Purpose. This instruction sets forth the requirements and procedures for implementing the Department of the Navy's (DON) Small Business Innovation Research Program (SBIR) as required by references (a), (b) and (c). Reference (c) delineates the responsibilities of ONR and the Systems Commands (SYSCOMs) and is further amplified in this instruction. In addition, it establishes a senior level SBIR Advisory Panel to assist in the Command's SBIR topic selection process. Amplified procedures are given in enclosure (4) and are hereby made part of this instruction.

2. Cancellation. SPAWARINST 4380.3A is cancelled and superseded.

3. Background. The Small Business Innovation Development Act of 1982, reference (a), effective on October 1, 1982, directs that small businesses receive, at a minimum, a fixed percentage, specified by the law, of the R&D Awards made by designated Federal agencies that have sizable R&D budgets. The Act is intended to stimulate technical innovation, encourage small businesses involved with science and high technology to participate in government-funded research, and provide incentives for the conversion of research results into commercial applications.

4. Program Description. The SBIR program is a uniform process of soliciting proposals and awarding contracts for research or R&D to meet Federal agencies' needs. The SBIR program is divided into three phases. The first two phases are intended to help Federal agencies meet their research or R&D objectives. The

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third phase, where appropriate, is to permit small businesses to pursue commercial applications from the government-funded research, or may involve follow-on non-SBIR funded R&D or production contracts with a Federal agency.

a. Phase I is defined as the solicitation of proposals from small businesses to conduct feasibility studies of innovative ideas in response to a Federal agency's research or R&D needs and the support of those proposals selected based on scientific or technical merit. The objective of this phase is to determine the technical feasibility of the proposed effort and the quality of performance of the small business, using a relatively small agency investment prior to the consideration of further Federal support in Phase II.

(1) Phase I begins with the development of topics and topic descriptions by the SYSCOMs, i.e., SPAWAR, NAVSEA, NAVAIR, PEO, etc., based on their research and R&D needs. (NOTE: Reference (c) refers to the SYSCOMs as Administering Offices (AOs)).

(2) After the SYSCOMs have developed and selected topics, they are submitted to Director, Small Business and Economic Utilization Policy, OSD via the Navy SBIR Program Manager, Office of the Chief of Naval Research for inclusion into a single DOD SBIR Solicitation Brochure that encompasses all military services.

(3) Small business firms submit proposals, in accordance with the DOD Solicitation Brochure, to the appropriate SYSCOM who establishes evaluation criteria and reviews all proposals received on their particular topics. In SPAWAR and associated PEO, this function will be performed by the respective Directorates or by selected Navy R&D laboratories, as appropriate.

(4) After all proposals received have been evaluated, SPAWAR or the appropriate laboratory awards, within assigned funds, Phase I contracts. Awards shall be based primarily on scientific and technical merit of the small businesses.

b. Phase II is the principal research or R&D effort. Selection of Phase II contractors is based upon the results of Phase I effort and the scientific and technical merit of the Phase II proposal and not by a solicitation as in Phase I. Phase II proposals will be prepared and submitted by contractors in accordance with the detailed instructions provided to all Phase I awardees by the DON. The objective of Phase II is to continue

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the research or R&D initiated under Phase I based on the SYSCOMs' needs; however, SYSCOMs are not obligated to fund any specific Phase II proposal. Only awardees of contracts in Phase I are eligible to participate in Phase II.

c. Phase III, where appropriate, is to be conducted with non-Federal funds by the small business to pursue commercial applications of the government research or R&D funded in Phase I and II, including those obtained through exercising the follow-on commitment. Phase III also may involve follow-on, non-SBIR, funded R&D or production contracts with a SYSCOM for potential products or processes intended for use by the United States Government.

d. Each SYSCOM has been directed to involve Navy R&D centers and other activities, as appropriate, in the SBIR Program. The R&D center supporting SPAWAR is the Naval Command, Control and Ocean Surveillance Center, Research and Development Division (NRaD). NRaD and other warfare centers are assigned authority, responsibility and SBIR funding for their participation in the SBIR program. The R&D center is accountable for all reporting requirements, and functions under the appropriate SPAWAR Directorate to assure proper coordination and relevance to SPAWAR programs and interests.

e. It is not intended that the SBIR Program Solicitation replace or be used as a substitute for unsolicited proposals or R&D awards for small businesses as authorized by existing statutory regulatory provisions; nor, are the SBIR Program Solicitation procedures intended to prohibit other R&D actions with small business concerns carried on in accordance with applicable statutory/regulatory authorizations. References (a) and (b) state that non-SBIR awards to small businesses may not be counted toward meeting SBIR program funding levels. In other words, the SBIR program is a separate entity from other government small business programs.

5. Funding

a. Resources to fund the SPAWAR SBIR Program will be made available from the Navy RDT&E appropriation categories as determined by Congress. These funds will be transferred to PE 65502N, SBIR, and allocated from that element to SPAWAR and all other SYSCOMs.

b. DON industrially funded activities (e.g., Navy Labs) are authorized to finance in-house SBIR program costs of ten percent of allocated SBIR funds.

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c. Internal SPAWAR financial management process and funding allocation will be accomplished through the normal budget process.

6. Responsibilities

a. The following are the DON principals involved in the SBIR Program. Their specific responsibilities and authorities are set forth in enclosure (1) to reference (c):

(1) DON's SBIR Program Manager, designated by ASN(Research, Development & Acquisition).

(2) Administrating Offices (AOs), DON's major claimants for RDT&E funds and major performers on SBIR: NAVSEA; NAVAIR; SPAWAR; SSPO; JCMPO; NAVMED (Naval Medical R&D Command); NAVSUP; CNM(DNL); Marine Corps; ONR.

(3) Sub-Administrating Offices (Sub-AOs) who are also major SBIR Program performers: DON's R&D Centers; Laboratories; Engineering Activities; Warfare Centers; and other in-house organizations designated by an AO.

(4) ASN(Financial Management).

(5) Office of Secretary of the Navy/Small and Disadvantaged Business Utilization (OSN/SADBU).

b. Specific responsibilities of SPAWAR and the Naval Command, Control and Ocean Surveillance Center, Research and Development Division (NRaD) and other Naval Warfare Centers are set forth in paragraphs 6b(1) through 6b(4).

(1) SPAWAR 00K. The Associate Director for Small Business, SPAWAR 00K, shall coordinate the SBIR Program including:

(a) Overall administrative responsibility of the SBIR Program within SPAWAR to ensure that the SBIR requirements are met in accordance with higher level direction.

(b) Administer SBIR funds for contract awards and maintain appropriate fiscal records.

(c) Serve as central point of contact within SPAWAR for SBIR matters.

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(d) Task NRaD and other Naval Warfare Centers with administration of topics when appropriate. Tasking shall identify the appropriate SPAWAR directorate for supervision and coordination with SPAWAR programs and interests.

(e) Based upon requirements provided by SPAWAR 20, regarding the command's approved program, prepare and transmit requests to fund implementation of the approved SBIR program by SPAWAR directorates, PEO, NRaD and Naval Warfare Centers, including authorization for NRaD and Naval Warfare Centers to finance in-house administrative costs to the extent authorized by DON.

(f) Submittal of enclosure (1) to the appropriate office within the Navy for inclusion in the DOD SBIR Program Solicitation Brochure.

(g) Describe and promulgate SBIR program reporting requirements to NRaD and Naval Warfare Centers.

(h) Receive proposals responding to topic solicitations, acknowledge receipt to offerors and forward the proposals to the appropriate directorate points of contact for distribution and evaluation.

(i) Consolidate and transmit SBIR program reports as required by DON.

(2) SPAWAR 20. Technology, Acquisition, Logistics and Engineering Support Directorate (SPAWAR 20) acting as the command's technical agent for the SBIR Program shall:

(a) Assume overall technical oversight of the SBIR Program within SPAWAR to ensure that SBIR requirements are met in accordance with higher level direction.

(b) Solicit topics from SPAWAR directorates, PEO and NRaD and Naval Warfare Centers. Enclosure (1) applies.

(c) Participate in the selection of topics for inclusion in the annual DOD SBIR Program Solicitation Brochure. The topic selection process involves: (1) topic selection by SPAWAR 20, the directorates and PEO as part of the SBIR Advisory Panel, and (2) approval of the selected topics by the SPAWAR Systems Engineering Board (SSEB). Enclosure (4) provides amplification of the selection and approval process. These topics will then be forwarded to SPAWAR 00K by 1 May each year for the forthcoming fiscal year. It should be emphasized that

the development of topics should reflect needs that could be used to the fullest extent possible in areas that may enhance and transition to SPAWAR programs. Each topic shall describe needs clearly and in sufficient detail so as to assist small businesses in providing meaningful responses, but shall not involve specifications so detailed as to prescribe solutions. Topics and topic descriptions shall be unclassified.

(d) Concur in selection of successful bidders by NRaD and Naval Warfare Centers for Phase I and Phase II contract awards.

(3) SPAWAR Directorates, PEO, NRaD and Warfare Centers. The SPAWAR directorates, PEO, NRaD and Naval Warfare Centers shall be responsible for the following:

(a) Evaluate all solicited proposals received from SPAWAR 00K using criteria consistent with the overall criteria in the DOD Program SBIR Solicitation Brochure.

(b) Recommend awards for Phase I and Phase II contracts to the Advisory Panel. Awards should be made on the basis of scientific and technical merit, adequacy of the proposed effort to show progress toward demonstrating concept feasibility and transition potential.

(c) At the completion of Phase I and at the mid-point of Phase II the Contracting Officer's Technical Representative or Technical Point of Contact shall provide technical progress reviews to SPAWAR personnel (SPAWAR 20 and the Advisory Panel, PEO or PDs, as appropriate). These reviews will take place at the SPAWAR headquarters. They are intended to provide information to the Panel regarding compliance with the proposed efforts, and relevancy to command programs, needs and interests.

(4) NRaD and Naval Warfare Center Unique Responsibilities. NRaD and Naval Warfare Centers shall also be responsible for the following:

(a) As tasked by SPAWAR 00K receive and administer SBIR funds from SPAWAR, allowing not more than ten percent of allotted SBIR funds to finance in-house SBIR costs.

(b) Within assigned funds, award contracts in accordance with standard contracting procedures as modified by any approved DAR deviations (refer to enclosure (2) for current DAR deviations).

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(c) Provide notification of awards to successful proposers in accordance with the DOD SBIR Program Solicitation Brochure and administer the ensuing contracts.

(d) Within two weeks after award of a Phase I contract(s), forward a photocopy of the Proposal Cover Sheet of each and every proposal to: (1) the Director, Small Business and Economic Utilization Policy, OSD via the Secretary of the Navy/Small and Disadvantaged Business Utilization (OSN/SADBU) and (2) a copy of the transmittal letter to SPAWAR 00K.

(e) If determined that no Phase I contract will be awarded on a given SPAWAR topic, forward a photocopy of the Proposal Cover Sheet of each and every proposal received as required with the notation that no contract was awarded.

(f) Within two weeks after award for Phase I, Phase I modification, Phase II, and Phase II modification, forward four complete copies of the SBIR Contract Award/Action Report, enclosure (3). In addition, four photocopies of awardees SBIR Project Summary (refer to the DOD SBIR Solicitation Brochure for example) will be attached to enclosure (3) for Phase I and Phase II contract awards/actions. (Note: One copy of enclosure (3) and the SBIR Project Summary will be provided to SPAWAR 00K.)

(g) Prepare financial and technical reports as directed by SPAWAR 00K/20 to fulfill requirements for SPAWAR reporting to higher level organizations. The specific format of such reports will be determined as overall Navy reporting requirements are formulated.

Distribution:
SPAWAR List 3
PEO-SCS

SNDL Part II:
FKQ (SPAWAR Activities)

Copy to:
SNDL Part II
A1J (ASN(RD&A))

Stocked:
Room 113, Directives and Forms Room (25 copies)



R. C. WITTER
Rear Admiral, U.S. Navy
Acting

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Format for Submission of SBIR Topics

Title:

Category: (Research, Exploratory Development, Advanced Development or Engineering Development).

Objective: This should be a one sentence concise statement of the purpose of the innovation

Description: Should be a concise statement of the problem to be solved.

Phase I: A statement of what is expected at the end of the six-month effort.

Phase II: A statement of what is expected at the end of the two-year effort.

Phase III: A statement of whether there is a Phase III effort anticipated.

References: Provide references that are available in DTIC or the open literature that would be of value to potential proposers.

Key Words: Provide six distinct key words that would describe the topic.

Preparer: Name, Activity, Code and Phone number.

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OFFICE OF
ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, ENGINEERING AND SYSTEMS)
15 August 1983

MEMORANDUM

Subj: Approved DAR Deviations for SBIR
Program

Encl: (1) Patent Rights
(2) Rights in Technical Data and
Computer Software

1. The DAR deviations have been obtained and
enclosures (1) and (2) are forwarded for your
use in contracts for the SBIR Program.



Earl Langenberg

ENCLOSURE(2)

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licenses are granted, commercial sale or use in one field of use will not be deemed commercial sale or use as to other fields of use, and a first commercial sale or use with respect to a product of the invention will not be deemed to end the exclusive period to different subsequent products covered by the invention;

- (iii) the Contractor shall share any royalties collected on a Subject Invention with the inventor; and
- (iv) the balance of any royalties or income earned by the Contractor with respect to Subject Inventions, after payment of expenses (including payments to inventors) incidental to the administration of Subject Inventions, shall be utilized for the support of scientific research or education.

(End of clause)

(1) *Patent Rights Clause - Small Business Firm or Domestic Nonprofit Organization (SEIR Program).* In accordance with

PATENT RIGHTS - SMALL BUSINESS FIRM OR DOMESTIC
NONPROFIT ORGANIZATION (SBIR PROGRAM) (1983 AUG)

(a) *Definitions.*

(1) *Invention* means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code.

(2) *Subject Invention* means any invention of the Contractor conceived or first actually reduced to practice in the performance of work under this contract.

(3) *Practical application* means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and in each case, under such conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or Government regulations available to the public on reasonable terms.

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ENCLOSURE(2)

Enclosure (1) to
Office of Assistant
Secretary of the Navy
memo of 15 August 1983

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(4) *Made*, when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

(5) *Small business firm* means a small business concern as defined at section 2 of Public Law 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standard for small business concerns involved in Government procurement, and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.

(6) *Domestic Nonprofit organization* means universities and other institutions of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. section 501(2)), or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

(b) *Allocation of Principal Rights*. The Contractor may retain the entire right, title, and interest throughout the world to each Subject Invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any Subject Invention in which the Contractor retains title, the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States any Subject Invention throughout the world for which the Contractor has elected to retain title.

(c) *Invention Disclosures, Election of Title, Filing of Patent Applications, Confirmatory Instruments and Reports*.

(1) After a Subject Invention has been disclosed in writing by the inventor(s) to contractor personnel responsible for the administration of patent matters, the Contractor shall:

- (i) disclose such invention to the Contracting Officer within two (2) months;
- (ii) elect whether or not to retain title to any such invention by notifying the Contracting Officer within twelve (12) months of disclosure to the Contractor;

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- (iii) file its initial patent application on an elected invention within two (2) years after election;
- (iv) file patent applications in additional countries within either ten (10) months of the corresponding initial patent application, or six (6) months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign patent applications when such filing was prohibited for security reasons;
- (v) within six (6) months after filing each patent application, or within six (6) months after submitting the invention disclosure to the Contracting Officer, if the application has been previously filed, deliver to the Contracting Officer a duly executed and approved instrument on the form specified in DAR 9-703.5(b), fully confirmatory of all rights to which the Government is entitled, and furnish the Government an irrevocable power to inspect and make copies of the patent application file; and
- (vi) furnish to the Contracting Officer, upon request, (A) the filing date, serial number and title, (B) a copy of the patent application (including an English-language version, if filed in a language other than English), and (C) the patent number and issue date for any Subject Invention in any country for which the Contractor has retained title.

(2) Notwithstanding the requirements of subparagraph (c)(1) above, in any case where publication, sale, or public use has initiated the one-year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title and filing of a United States

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patent application may be shortened by the Contracting Officer to a date that is no more than sixty (60) days prior to the end of the statutory period. -

(3) Requests for extension of the time for disclosure to the Contracting Officer, election and filing, where reasonable, shall normally be granted.

(4) The disclosure to the Contracting Officer shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention. The report shall also identify any publication, sale, or public use of the invention and shall state whether a manuscript describing the invention has been submitted for publication and accepted at the time of disclosure.

(d) *Conditions When the Government May Obtain Title.* The Contractor shall convey to the Contracting Officer, upon written request, title to any Subject Invention:

- (i) if the Contractor fails to disclose or elect the Subject Invention within the times specified in (c) above, or elects not to retain title;
- (ii) in those countries in which the Contractor fails to file patent applications within the times specified in (c) above (prior to receipt of the written request, the Contractor shall continue to retain title in that country); or
- (iii) in any country in which the Contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in a reexamination or opposition proceeding on, a patent on a Subject Invention.

(e) *Minimum Rights to Contractor.* The Contractor shall retain a revocable, nonexclusive, royalty-free, license throughout the world in each Subject Invention to which the Government obtains title, except if the Contractor fails to disclose the Subject Invention within the times specified in (c) above.

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This license extends and is revocable and transferable as specified in DAR 9-702.3.

(f) *Contractor Action to Protect Government's Interest.*

(1) The Contractor agrees to execute or to have executed and promptly deliver to the Contracting Officer all instruments necessary to:

- (i) establish or confirm the rights the Government has throughout the world in those Subject Inventions for which the Contractor retains title; and
- (ii) convey title to the Government when requested under paragraph (d) above to enable the Government to obtain protection throughout the world on that Subject Invention.

(2) The Contractor agrees to require, by written agreement, its employees, other than clerical and non-technical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor each Subject Invention made under this contract in order that the Contractor can comply with the disclosure provisions of paragraph (c) above and to execute all papers necessary to file patent applications on Subject Inventions and to establish the Government's rights to Subject Inventions. The disclosure format should require, as a minimum, the information requested by subparagraph (c)(4) above. The Contractor shall instruct such employees through the employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The Contractor shall notify the Contracting Officer of any decision not to continue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than thirty (30) days before the expiration of the response period required by the relevant patent office.

(4) The Contractor agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a Subject Invention, the following statement:

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This invention was made with Government support under (identify the contract) - awarded by (identify the Department). The Government has certain rights in this invention.

(5) The Contractor shall furnish the Contracting Officer:

- (1) interim reports, preferably on DD Form 882, every twelve (12) months from the date of the contract, listing Subject Inventions that were disclosed in writing during that period by the inventor(s) to contractor personnel responsible for the administration of patent matters, or stating that there were no such inventions; and
- (14) a final report, preferably on DD Form 882, within six (6) months after completion of work under the contract or prior to closeout, whichever occurs first, listing all Subject Inventions that were made during performance of the work under the contract, or stating that there were no such inventions.

(g) Subcontracts.

(1) The Contractor shall include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental, or research work by a small business firm or a domestic nonprofit organization. The subcontractor shall retain all rights provided for the Contractor in this clause, and the Contractor shall not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's Subject Inventions.

(2) The Contractor shall include in all subcontracts, regardless of tier, for experimental, developmental, or research work with other than a small business firm or a domestic nonprofit organization, the appropriate patent rights clause required by DAR 9-701, noting of course that the criteria in DAR 9-701 for the selection of the appropriate clause have been and may be further changed

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as a result of the implementation of the Presidential Memorandum on Government Patent Policy of 18 February 1983.

(3) The Contractor shall promptly notify the Contracting Officer in writing, preferably on DD Form 882, upon the award of any subcontract containing a patent rights clause. Such notification shall identify the subcontractor, the applicable patent rights clause, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon written request of the Contracting Officer, the Contractor shall furnish a copy of the subcontract. If there are no subcontracts containing a patent rights clause, this shall be stated in the final report submitted pursuant to subparagraph (f)(5)(ii) above.

(b) *Reporting on Utilization of Subject Inventions.* The Contractor agrees to submit, on request, periodic reports no more frequently than annually on the utilization of a Subject Invention or on efforts at obtaining such utilization that are being made by the Contractor or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Contractor, and such other data and information as the Contracting Officer may reasonably specify. The Contractor also agrees to provide additional reports as may be requested by the Contracting Officer in connection with any march-in proceeding undertaken by the Contracting Officer in accordance with paragraph (j) of this clause. To the extent data or information supplied under this paragraph is considered by the Contractor, a licensee, or assignee, to be privileged and confidential and is so marked, the Government agrees that, to the extent permitted by 35 U.S.C. 202(c)(5), it will not disclose such information to persons outside the Government.

(i) *Preference for United States Industry.* Notwithstanding any other provision of this clause, the Contractor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention

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will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by the contracting activity upon a showing by the Contractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

(j) *March-in Rights.* The Contractor agrees that with respect to any Subject Invention in which it has acquired title, the Government has the right, in accordance with the procedures set forth in DAR 9-702.8 to require the Contractor, an assignee, or exclusive licensee of a Subject Invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Contractor, assignee, or exclusive licensee refuses such a request, the Government has the right to grant such a license itself if the Contracting Officer determines that:

- (i) such action is necessary because the Contractor, assignee, or exclusive licensee has not taken, or is not expected to take, within a reasonable time, effective steps to achieve practical application of the Subject Invention in such field of use;
- (ii) such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Contractor, assignee, or their licensees;
- (iii) such action is necessary to meet requirements for public use specified by Federal regulations and such requirements

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are not reasonably satisfied by the Contractor, assignee, or licensees; or

- (iv) such action is necessary because the agreement required by paragraph (i) of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any Subject Invention in the United States is in breach of such agreement.

(k) *Special Provisions for Contracts With Domestic Nonprofit Organizations.* If the Contractor is a domestic nonprofit organization, it agrees that:

- (i) rights to a Subject Invention in the United States shall not be assigned without the approval of the Contracting Officer, except where such assignment is made to an organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee will be subject to the same provisions as the Contractor);
- (ii) the Contractor shall not grant exclusive licenses under United States patents or patent applications in Subject Inventions to persons other than small business firms for a period in excess of the earlier of (A) five (5) years from first commercial sale or use of the invention, or (B) eight (8) years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance,

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unless on a case-by-case basis, the Contracting Officer approves a longer exclusive license. If exclusive field of use licenses are granted, commercial sale or use in one field of use will not be deemed commercial sale or use as to other fields of use, and a first commercial sale or use with respect to a product of the invention will not be deemed to end the exclusive period to different subsequent products covered by the invention;

- (iii) the Contractor shall share any royalties collected on a Subject Invention with the inventor; and
- (iv) the balance of any royalties or income earned by the Contractor with respect to Subject Inventions, after payment of expenses (including payments to inventors) incidental to the administration of Subject Inventions, shall be utilized for the support of scientific research or education.

(1) *Communications.* The Contracting Officer or his designee shall be the point of contact for the administration of this clause. This notice shall be in all subcontracts containing either this clause or the clauses required by DAR 7-302.23(a) or (b).

-(End of clause)

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7-302.24 *Reserved.*

7-302.25 *Military Security Requirements.* Insert the Military Security Requirements clause in accordance with 7-104.12.

7-302.26 *Utilization of Labor Surplus Area Concerns.* In accordance with 1-805.3, insert the clauses in 7-104.20.

7-302.27 *Government Delay of Work.* Insert the clause in 7-104.77.

7-302.28 *Title and Risk of Loss.* Insert the clause in 7-103.6.

7-302.29 *Pricing of Adjustments.* Insert the clause in 7-103.26.

7-302.30 *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era.* Insert the clause in 7-103.27.

7-302.31 *Affirmative Action for Handicapped Workers.* Insert the clause in 7-103.28.

7-302.32 *Clean Air and Water.* In accordance with 1-2302.2, insert the clause in 7-103.29.

7-303 *Clauses To Be Used When Applicable.*

7-303.1 *Clauses for Contracts Involving Construction Work.* In accordance with 7-602.23, 12-106, 18-701, and 18-703, insert the Labor Standards Provisions in 7-602.23.

7-303.2 *Filing of Patent Applications.* In accordance with 9-106, insert the clause in 7-104.6.

7-303.3 *Reporting and Refund of Royalties.* In accordance with 9-110(d) and 9-111, insert the appropriate clause or clauses in 7-104.8.

7-303.4 *Reserved.*

7-303.5 *Preference for Certain Domestic Commodities.* In accordance with 6-305, insert the clause in 7-104.13.

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(c) The Contractor shall, within sixty (60) days after award of this contract, identify in writing to the Contracting Officer by name or title the person(s) having the final responsibility within Contractor's organization for determining whether restrictive markings are to be placed on technical data to be delivered under this contract. The Contractor hereby authorizes direct contact between the Government and such person(s) in resolving questions involving restrictive markings.

(d) The Contracting Officer may evaluate or verify the Contractor's procedures to determine their effectiveness. Upon request, a copy of such written procedures shall be furnished. The failure of the Contracting Officer to evaluate or verify such procedures shall not relieve the Contractor of the responsibility for complying with (a) and (b) above.

(e)(1) If the Contractor fails to make a good faith effort to institute the procedures of (a) and (b) above, any limited rights markings on technical data delivered under this contract may be canceled or ignored by the Contracting Officer. The Contracting Officer shall give written notice to the Contractor of the action taken, including identification of the data on which markings have been canceled or ignored, and thereafter may use such data with unlimited rights.

(2) The Contracting Officer may give written notification to the Contractor of any failure to maintain or follow the established procedures, or of any material deficiency in the procedures, and state a period of time not less than thirty (30) days within which the Contractor shall complete corrective action. If corrective action is not completed within the specified time, restrictive markings on any technical data being prepared for delivery or delivered under this contract during that period shall be presumed to be unauthorized by the terms thereof and the Contracting Officer may cancel or ignore such markings if the Contractor is unable to substantiate the markings in accordance with the procedures of paragraph (d) of the "Rights in Technical Data and Computer Software" clause.

(f) Notwithstanding any provisions of this contract concerning inspection and acceptance, the acceptance by the Government of technical data with restrictive legends shall not be construed as a waiver of any rights accruing to the Government.

(g) This clause, including this paragraph (g), shall be included in each subcontract under which technical data is required to be delivered. When so inserted, "Contractor" shall be changed to "Subcontractor".

(End of clause)

(q) *Rights in Technical Data and Computer Software (SBIR Program).*

RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE (SBIR PROGRAM) (1983 AUG).

(a) Definitions.

(1) *Technical Data* means recorded information regardless of form or characteristic, of a scientific or technical nature. Examples of technical data include research and engineering data, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications and related information and computer software documentation. Technical data does not include

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Enclosure (2) to
Office of Assistant
Secretary of the
Navy memo of
15 August 1983

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computer software or financial, administrative, cost and pricing, and management data or other information incidental to contract administration.

(2) *Computer Software* - computer programs and computer data bases.

(3) *Computer Program* - a series of instructions or statements in a form acceptable to a computer, designed to cause the computer to execute an operation or operations. Computer programs may be either machine-dependent or machine-independent, and may be general purpose in nature or designed to satisfy the requirements of a particular user.

(4) *Computer Data Base* - a collection of data in a form capable of being processed and operated on by a computer.

(5) *Computer Software Documentation* - Technical data, including computer listings and printouts, in human-readable form which (i) documents the design or details of computer software, (ii) explains the capabilities of the software, or (iii) provides operating instructions for using the software to obtain desired results from a computer.

(6) *Unlimited Rights* means rights to use, duplicate, or disclose technical data or computer software in whole or in part, in any manner and for any purpose whatsoever, and to have or permit others to do so.

(7) *Limited Rights* means rights to use, duplicate, or disclose technical data, in whole or in part, by or for the Government, with the express limitation that such technical data shall not, without the written permission of the party furnishing such technical data be (i) released or disclosed in whole or in part outside the Government, (ii) used in whole or in part by the Government for manufacture, or in the case of computer software documentation, for preparing the same or similar computer software, or (iii) used by a party other than the Government.

(8) *Restricted Rights* apply only to computer software, and include, as a minimum, the right to:

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- (i) use computer software with the computer for which or with which it was acquired, including use at any Government installation to which the computer may be transferred by the Government;
- (ii) use computer software with a backup computer if the computer for which or with which it was acquired is inoperative;
- (iii) copy computer programs for safekeeping (archives) or backup purposes; and
- (iv) modify computer software, or combine it with other software, subject to the provision that those portions of the derivative software incorporating restricted rights software are subject to the same restricted rights.

In addition, any other specific rights not inconsistent therewith listed or described in this contract or described in a license or agreement made a part of this contract.

(9) *License Rights* means rights to use, duplicate, or disclose technical data or computer software, in whole or in part and in any manner, for Government purposes only, and to have or permit others to do so for Government purposes only. License Rights do not grant to the Government the right to have or permit others to use technical data or computer software for commercial purposes.

(b) *Government Rights.*

(1) For a period of two (2) years (or such other period as may be authorized by the Contracting Officer for good cause shown) after the delivery and acceptance of the last deliverable item under this contract, the Government shall have limited rights and, after the expiration of the two-year period, shall have license rights in:

- (i) technical data and computer software resulting directly from performance of experimental, developmental, or research work which was

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- specified as an element of performance in this contract or any subcontract hereunder.
- (11) computer software required to be originated or developed under this contract or any subcontract hereunder, or generated as a necessary part of performing this contract or any subcontract hereunder.
 - (111) technical data necessary to enable manufacture of end-items, components and modifications, or to enable the performance of processes, when the end-items, components, modification or processes have been, or are being, developed under this contract or any subcontract hereunder in which experimental, developmental or research work is, or was specified as an element of contract performance, except technical data pertaining to items, components, processes, or computer software developed at private expense (but see (2)(1) below).
 - (1v) technical data or computer software prepared or required to be delivered under this contract or any subcontract hereunder and constituting corrections or changes to Government-furnished data or computer software.
 - (v) technical data pertaining to end-items, components or processes, prepared or required to be delivered under this contract or any subcontract hereunder for the purpose of identifying sources, size, configuration, mating and attachment characteristics, functional characteristics and performance requirements ("form, fit and

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- function" data, e.g., specification control drawings, catalog sheets, envelope drawings, etc.).
- (vi) manuals or instructional materials prepared or required to be delivered under this contract or any subcontract hereunder for installation, operation, maintenance or training purposes.
 - (vii) any other technical data prepared or required to be delivered under this contract or any subcontract hereunder, other than data furnished with limited rights pursuant to subparagraph (b)(2)(i) below.

License Rights shall be effective with respect to the technical data identified in (1)(i), (iii), (iv), (v), (vi), and (vii) above only if each piece of data is marked with the License Rights Legend below in which is inserted the number of the prime contract under which the data is to be delivered, the name of the Contractor and any subcontractor by whom the data was generated, and the period in which the data is subject to limited rights, and shall be effective with respect to the computer software identified in (1)(i), (ii) and (iv) above only if each unit of software is marked with an abbreviated License Rights Legend reciting that the use, duplication, or disclosure of the software is subject to the same license rights restrictions included in the same contract (identified by number) with the same Contractor (identified by name):

..... LICENSE RIGHTS LEGEND

Contract No. _____

Contractor or Subcontractor _____

For a period of two (2) years after the delivery and acceptance of the last deliverable item under this contract, this technical data shall not, without the written permission of the above Contractor, be either (a) used, released or disclosed in whole or in part outside the Government, (b) used in whole or in part

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by the Government for manufacture, or (c) used by a party other than the Government. After the expiration of the two (2) year period, the Government may use, duplicate, or disclose the data, in whole or in part and in any manner, for Government purposes only, and may have or permit others to do so for Government purposes only. All rights to use or duplicate the data in whole or in part for commercial purposes are retained by the Contractor, and others to whom this data may be disclosed agree to abide by this commercial purposes limitation. The Government assumes no liability for use or disclosure of the data by others for commercial purposes. This legend shall be included on any reproduction of this data, in whole or in part.

(2) *Limited Rights*. The Government shall have limited rights in:

- (1) unpublished technical data pertaining to items, components or processes developed at private expense, and unpublished computer software documentation related to computer software that is acquired with restricted rights, other than such data as may be included in the data referred to in (b)(1)(i), (iv), (v), and (vi) above. The word *unpublished*, as applied to technical data and computer software documentation, means that which has not been released to the public nor been furnished to others without restriction on further use or disclosure. For the purpose of this definition, delivery of limited rights technical data to or for the Government under a contract does not, in itself, constitute release to the public.

Limited Rights shall be effective with respect to the technical data mentioned in (2)(1) above only if each piece of data is marked with the Limited Rights Legend below in which is inserted the number of the prime contract under which the data is to be delivered and the name of the Contractor and any subcontractor by whom the data was generated:

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LIMITED RIGHTS LEGEND

Contract No. _____

Contractor or subcontractor: _____

This technical data shall not, without the written permission of the above Contractor, be either (a) used, released or disclosed in whole or in part outside the Government, (b) used in whole or in part by the Government for manufacture, or (c) used by a party other than the Government. This legend shall be included on any reproduction of this data, in whole or in part.

(3) *Restricted Rights.* The Government shall have restricted rights in privately developed computer software, listed or described in a license or agreement made a part of this contract, which the parties have agreed will be furnished with restricted rights, *Provided*, however, notwithstanding any contrary provision in any such license or agreement, the Government shall have the rights in (a)(8)(i) through (iv). Such restricted rights are of no effect unless the computer software is marked by the Contractor with the following legend:

RESTRICTED RIGHTS LEGEND

Use, duplication or disclosure is
subject to restrictions stated in
Contract No. _____
with _____ (Name
of Contractor).

and the related computer software documentation includes a prominent statement of the restrictions applicable to the computer software. The Contractor may not place any legend on computer software indicating restrictions on the Government's rights in such software unless the restrictions are set forth in a license or agreement made a part of this contract prior to the delivery date of the software. Failure of the Contractor to apply a restricted rights legend to such computer software shall relieve the Government of liability with respect to such unmarked software.

(4) No legend shall be marked on, nor shall any limitation or restriction on rights of use be asserted as to, any data or computer software which the Contractor has previously delivered to the Government without restriction. The license, limited or restricted rights provided for by this paragraph shall not impair

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the right of the Government to use similar or identical data or computer software acquired from other sources.

(c) *Copyright.*

(1) The Contractor is hereby granted permission to assert or establish claim to or ownership of copyright in any work of authorship prepared for or acquired by the Government under this contract. In addition to the rights granted under the provisions of (b) above, the Contractor hereby grants to the Government a nonexclusive, irrevocable, paid-up license throughout the world of the scope set forth below, under any such copyright to reproduce the work in copies or phonorecords, to distribute copies or phonorecords to the public, to perform or display the work publicly, and to prepare derivative works thereof, and to have others do so for Government purposes. All published works for which claim to or ownership of copyright has been asserted or established shall contain an appropriate credit line identifying Government support. With respect to technical data and computer software in which the Government has license rights, the license shall be of the same scope as the rights defined in (a)(9). With respect to technical data in which the Government has limited rights, the scope of the license is limited to the rights defined in (a)(7). With respect to computer software which the parties have agreed in accordance with (b)(3) will be furnished with restricted rights, the scope of the license is limited to such rights.

(2) Unless written approval of the Contracting Officer is obtained, the Contractor shall not include in technical data or computer software prepared for or acquired by the Government under this contract any works of authorship in which copyright is not owned by the Contractor without acquiring for the Government any rights necessary to perfect a copyright license of the scope specified in (c)(1).

(3) As between the Contractor and the Government, the Contractor shall be considered the "person for whom the work was prepared" for the purpose of determining authorship under Section 201(b) of Title 17, United States Code.

(4) Technical data delivered under this contract which carries a copyright notice shall also

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include the following statement which shall be placed thereon by the Contractor, or should the Contractor fail, by the Government:

This material may be reproduced by or for the U.S. Government pursuant to the copyright license set forth in the Rights in Technical Data and Computer Software Clause in Contract No. _____ with _____ (Name of Contractor).

(d) *Removal of Unauthorized Markings.* Notwithstanding any provision of this contract concerning inspection and acceptance, the Government may correct, cancel, or ignore any marking not authorized by the terms of this contract on any technical data or computer software furnished hereunder, if:

- (i) the Contractor fails to respond within sixty (60) days to a written inquiry by the Government concerning the propriety of the markings; or
- (ii) the Contractor's response fails to substantiate, within sixty (60) days after written notice, the propriety of limited rights markings by clear and convincing evidence, or of restricted rights markings by identification of the restrictions set forth in the contract.

In either case the Government shall give written notice to the Contractor of the action taken.

(e) *Omitted Markings.* Technical data and computer software delivered to the Government without any of the legends or markings specified in paragraph (b) above or that are not copyrighted shall be deemed to have been furnished with unlimited rights, and the Government assumes no liability for the use, duplication, or disclosure of such data and software. However, to the extent the data and software have not been disclosed without restriction outside the Government, the Contractor may request, within six (6) months after delivery of such data and software, permission to place restrictive legends on such data and software at the Contractor's expense and the Government may so permit if the Contractor:

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- (i) demonstrates that the omission of the restrictive legends was - inadvertent;
- (ii) establishes pursuant to paragraph (d) above that the use of the markings is authorized; and
- (iii) acknowledges that the Government has no liability with respect to the use or disclosure of such data and software that was received prior to the addition of the restrictive markings.

(f) *Relation to Patents.* Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

(g) *Acquisition of Data and Computer Software from Subcontractor.*

(1) Whenever any technical data or computer software is to be obtained from a subcontractor under this contract, the Contractor shall use this same clause in the subcontract, without alteration, and no other clause shall be used to enlarge or diminish the Government's or the Contractor's rights in that subcontractor data or computer software which is required for the Government.

(2) Technical data required to be delivered by a subcontractor shall normally be delivered to the next higher-tier Contractor. However, when there is a requirement in the prime contract for data which may be submitted with limited rights pursuant to (b)(2) above, a subcontractor may fulfill such requirement by submitting such data directly to the Government rather than through the prime Contractor.

(3) The Contractor and higher-tier subcontractors will not use their power to award subcontracts as economic leverage to acquire rights in technical data or computer software from their subcontractors for themselves.

(End of clause)

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7-104.10 *Ground and Flight Risk*. In accordance with 16-404, insert the following clause.

GROUND AND FLIGHT RISK (1975 OCT)

(a) Notwithstanding any other provisions of this contract, except as may be specifically provided in the Schedule as an exception to this clause, the Government, subject to the definitions and limitations of this clause, assumes the risk of damage to, or loss or destruction of, aircraft "in the open", during "operation", and in "flight", as these terms are defined below. And agrees that the Contractor shall not be liable to the Government for any such damage, loss, or destruction, the risk of which is so assumed by the Government.

(b) For the purposes of this clause:

(1) Unless otherwise specifically provided in the Schedule, the term "aircraft" means—

(A) aircraft (including (I) complete aircraft, and (II) aircraft in the course of being manufactured, disassembled, or reassembled; provided, that an engine or a portion of a wing or a wing is attached to a fuselage of such aircraft) to be furnished to the Government under this contract (whether before or after acceptance by the Government); and

(B) aircraft (regardless of whether in a state of disassembly or reassembly) furnished by the Government to the Contractor under this contract;

including all property installed therein, or in the process of installation, or temporarily removed from such aircraft; provided, however, that such aircraft and property are not covered by a separate bailment agreement.

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DON SBIR CONTRACT AWARD/ACTION REPORT
(use a separate form for each contract action)

1. DON Topic Number _____ from DOD Solicitation Brochure No. _____
2. DON category of work for Phase I: _____
(use 6.1, 6.2, 6.3, 6.4 or 6.5)
3. Proposal Title (for Phase I contract(s) use Proposal Title
from Appendix A of contractor's proposal)

4. Contract awarded/actions (check on and fill in required
information):
 - a. Phase I contract: fiscal funding year(s) _____;
\$ amount(s) _____.
 - b. Phase I contract modification (interim period): fiscal
funding year(s) _____; \$ amount(s) _____.
 - c. Phase I contract modification (specify the type: _____
_____): fiscal funding year(s) _____;
\$ amount(s) _____.
 - d. Phase II contract: fiscal funding year(s) _____;
\$ amount(s) _____.
 - e. Phase II contract modification (specify the type: _____
_____): fiscal funding year(s) _____;
\$ amount(s) _____.
 - f. Phase II contract by DON under non-SBIR funds, if
information is available: fiscal funding year(s) _____;
\$ amount(s) _____.
 - g. Termination of contract for reasons other than completion
5. Date of contract award/modification _____;
Contract Number _____

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6. Awardee's:

a. Name: _____

b. Address: _____

7. Is the contractor a Minority or Disadvantaged Business (from Appendix A of contractor's proposal for Phase I contract)?

Yes/No _____

8. Is the contractor qualified as a women-owned small business (from Appendix A of contractor's proposal for Phase I contract)?

Yes/No _____

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SBIR TOPIC SELECTION PROCESS1. SUMMARY

a. A SBIR Advisory Panel shall be formed for the purpose of developing the command's yearly Phase I and Phase II SBIR Program. The Advisory Panel shall be comprised of directorate and PEO TDs, or their designated senior level alternates. SPAWAR 20, or his designated senior level alternate, shall serve as the Panel Chairman. In developing the SBIR program the Panel shall give full consideration to such factors as:

- (1) Command/Directorate priorities, needs and interests.
- (2) Availability of funds (SBIR and other).
- (3) Potential payoff of the topic(s).
- (4) Innovativeness and merit of the proposed effort or work performed.
- (5) Potential for Phase III (transition potential).

b. The selection of Phase I topics to be implemented by the command shall entail an initial screening, selection and prioritization within each directorate and PEO. Those Phase I topics having directorate and PEO support shall be forwarded to SPAWAR 20 for evaluation by the Advisory Panel. The Advisory Panel shall prepare recommendations for the command's Phase I program to be implemented. These recommendations shall be presented by SPAWAR 20 to the SSEB for command approval. Similarly, the Advisory Panel shall assess the Phase I efforts being implemented and prepare recommendations regarding those topics that warrant continuation into Phase II. SPAWAR 20 shall present these recommendations to the SSEB for command approval.

2. COMPOSITION OF THE SBIR ADVISORY PANEL. The Principal Members of the SBIR Advisory Panel shall be senior level representatives from the directorates and PEO as listed below. The SPAWAR 20 representative shall serve as Chairman.

Directorate

SPAWAR 20
SPAWAR 30
SPAWAR 40
PD 50
PD 60
PD 80
PEO-SCS

3. TOPIC SELECTION - PHASE I. The following milestones describe the selection process for Phase I topics:

a. By 15 January of each year SPAWAR 20 promulgates the command call for Phase I topics.

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b. Directorates, PEO, NRaD and Naval Warfare Centers generate topics, as appropriate, in response to the command call. NRaD and Naval Warfare Centers shall submit their topics via the cognizant SPAWAR directorate or PEO.

c. By 1 March of each year SPAWAR OOK issues guidance to the SBIR Advisory Panel on the availability of program funds for the fiscal year, and on any OCNR or DOD guidelines.

d. Directorates and PEO screen, select and prioritize topics and submit them to SPAWAR 20 by 1 March of each year.

e. By 1 April of each year the SBIR Advisory Panel, chaired by SPAWAR 20:

- (1) Reviews topic submissions by directorates/PEO/NRaD and Warfare Centers.
- (2) Selects topics for command's Phase I program.
- (3) Prepares recommendations on topic selections for SSEB approval.

f. SPAWAR 20 presents recommendations at April meeting of SSEB.

g. SPAWAR 20 submits approved topics to SPAWAR OOK by 1 May of each year.

h. SPAWAR OOK forwards approved topics to ONR by 30 May for inclusion in the DOD Solicitation Brochure, which is promulgated nationwide on 1 October of each year.

4. FUNDS SUPPORT - PHASE I

a. All proposals prepared by small businesses in response to SPAWAR's solicitation will be submitted by the offerors to SPAWAR OOK. SPAWAR OOK shall:

(1) Receive and log-in all proposals officially received prior to the due date.

(2) Acknowledge to the offerors receipt of the proposals.

(3) Forward the proposals to the cognizant directorates or PEO for evaluation.

(4) When appropriate, task NRaD and Warfare Centers with administration of topics, identifying the cognizant SPAWAR directorate or PEO for supervision and coordination with SPAWAR programs and interests.

b. The directorates, PEO, NRaD and Warfare Centers shall:

(1) Evaluate and numerically score all proposals received for each topic.

(2) Prepare prioritized recommendations for Phase I contract awards in accordance with the numerical scores.

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(3) Forward the recommendations and evaluation scores to SPAWAR OOK who will review the recommendations with the Advisory Panel to establish appropriate funding distribution.

5. IMPLEMENTATION - PHASE I

a. All participating directorates, PEO, NRaD and Warfare Centers shall implement the approved Phase I contract awards. They shall:

(1) Prepare the requisite Procurement Request in accordance with the Contract Directorate's guidelines (or Purchasing Agent's guidelines in the case of NRaD or a Warfare Center).

(2) Provide the requisite Contracting Officer's Technical Representative or Technical Point of Contact, as appropriate, to monitor the contracted efforts ensuring that:

(a) Contractual requirements are honored.

(b) Work performed has technical merit and is of good quality.

(c) Technical feasibility has been demonstrated.

(d) Phase II is appropriate as follow-on.

b. For those contracts awarded by NRaD or a Warfare Center, the appropriate SPAWAR directorate or PEO shall task directorate or PEO personnel to oversee the contracted efforts to ensure compliance with the elements of paragraph 5a(2) above, and that the contracted efforts are coordinated with command programs and interests.

6. TOPIC SELECTIONS - PHASE II. For those Phase I contracts that have been successfully completed and warrant consideration for Phase II:

a. The cognizant directorate or PEO shall:

(1) Prepare prioritized recommendations for Phase II contract awards.

(2) Submit the recommendations to SPAWAR 20 for review by the Advisory Panel.

b. The Advisory Panel shall:

(1) Review prioritized requests to proceed to Phase II by considering such factors as:

- Command needs and interests
- Relevancy and merit of innovations proposed
- Quality of R&D performed
- Degree of technical feasibility demonstrated during Phase I
- Availability of funds
- Phase III potential (transition potential)
- Acquisition strategy

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(2) Prepare recommendations for SSEB approval.

c. SPAWAR 20 shall:

(1) Present the Advisory Panel's recommendations to the SSEB for approval.

(2) Forward the approved recommendations to SPAWAR 00K for appropriate funding distribution.

7. FUNDS SUPPORT - PHASE II. Funding to support approved Phase II recommendations is provided by SPAWAR 00K in accordance with the following procedures:

a. SPAWAR 00K shall:

(1) Prepare letters requesting Official Phase II proposals from the contractors.

(2) Log-in all Phase II proposals received.

(3) Forward proposals to appropriate directorate/PEO points of contract for distribution and evaluation.

b. Cognizant directorates/PEO, NRaD and Warfare Centers shall:

(1) Evaluate and numerically score Phase II proposals.

(2) Prepare recommendations for Phase II awards in accordance with offerors' numerical scores.

(3) Forward recommendations and evaluation scores to SPAWAR 00K who will review the recommendations with the Advisory Panel to establish appropriate funding support.

8. IMPLEMENTATION - PHASE II

a. All participating directorates, PEO, NRaD and Warfare Centers shall implement the approved Phase II contract awards. They shall:

(1) Prepare the requisite Procurement Request in accordance with the Contract Directorate's guidelines (or Purchasing Agent's guidelines in the case of NRaD or a Warfare Center).

(2) Provide the requisite Contracting Officer's Technical Representative or Technical Point of Contact, as appropriate, to monitor the contracted efforts to ensure that:

(a) The contractual requirements are honored.

(b) Work performed has technical merit and is of good quality.

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(c) Product to be delivered is of value to the command and supports command needs and interests.

(d) There is potential for Phase III (transition potential).

b. For those contracts awarded by NRaD or a Warfare Center, the appropriate SPAWAR directorates and PEO shall task directorate or PEO personnel to oversee the contracted efforts to ensure compliance with the elements of paragraph 8a(2) above, and that the contracted efforts are coordinated with command programs and interests.